



**Meeting Minutes**  
**Thursday, September 22, 2005**  
**Wisconsin Rapids City Council Chambers**  
**9:00 a.m. to 3:00 p.m.**

**LRSC Members Present**

**Wisconsin Counties Association:**

Dan Fedderly  
Roger Laning  
Dick Leffler  
Emmer Shields

**Wisconsin Towns Association:**

Marilyn Bhend  
Gene Lueck

**Regional Planning Commissions/  
Metro Planning Organizations:**

Don Kush  
Walt Raith

**League of Wisconsin Municipalities:**

Bill Handlos  
Dennis Jordan

**WisDOT Staff Present:**

Scott Bush  
Rod Clark  
Jim Donlin  
Michael Erickson  
Susie Forde  
Mary Forlenza  
Joe Nestler

**Wisconsin Alliance of Cities:**

Dave Botts  
Rick Jones  
Jeff Mantes  
Paula Vandehey

**Others Present:**

Mike Hess  
Tracey Mckenney - FHWA

**LRSC Members Excused:**

Arlyn Helm  
Dennis Melvin  
Marv Samson

**LRSC Members Absent:**

Bill Beil, Jr.  
Ken Yunker

### **Opening Business (Don Kush, Mary Forlenza)**

The meeting was called to order shortly after 9 a.m.

### **Review & Approval of May 26<sup>th</sup> minutes**

Minutes from May 26<sup>th</sup> were reviewed and accepted as written.

### **Poll of LRSC Members & the Strategies Communities are using to Establish 2006 Budgets**

Mary Forlenza opened the floor to LRSC Members to discuss how their particular units of government were dealing with the budget levy limits enacted with the passage of the State Biennial Budget for this coming budget cycle.

The opinion held by the majority of LRSC members is that the State is not doing it's job of funding local government properly and legislative mandates for specific programs that county and local governments are required to administer on behalf of the state. Shared revenue has not kept pace with the continued shifting of programs to county and local governments and increases in costs associated with these mandates. Thus, not only has the State Legislature shifted the costs, they have shifted the blame when these services are not delivered or funding is limited due to the constraints already placed on county and local governments. After state mandates, the cost of health care for employees remains the biggest challenge to local governments in the near future.

Dennis Jordan commented that higher fuel costs, contracting with union labor (3% increase this year) and increases in health care cost are impacting the reserve account of his community. During this budget cycle he will begin looking to lay-offs and decreases in non-essential services to help offset future impacts caused by the state imposed levy limits.

Many LRSC members commented that permit fees and service/utility fees such as a "Storm Water Utility Fee" are helping to off set some costs associated with the levy limit imposed by the state, but the future looks very bleak concerning how to absorb future increases in labor costs, fuel and health care. Lay-offs and decreases in services will follow as costs continue to rise.

Bill Handlos commented that it's not labors fault or unions that created this problem. Labor/unions know once you lose benefits or wages that you will not be able to negotiate back to the previous level. Labor/unions as much as they don't like lay-offs or employee's jobs eliminated, prefer this option before reductions in benefits or wages; knowing very well that at some point, the job will not get done unless someone is there to do it. Local units of government are going to be looking at a broad mix of reductions in how they provide services and how those remaining services are paid for. These are the decisions that local governmental leaders are going to decide in the next few years, and it is going to be very difficult to explain to the local electorate; "how and why one service remains, when another is eliminated".

Rick Jones noted future problems that may affect Tax Incremental Financing Districts (TIF's) used by many local governments to help economic development within their communities. TIF's are used to finance local governments purchases of land, infrastructure utilities and

other assets that are financed by future growth in tax revenues generated by such TIF's. Currently TIF's have up to 27 years (depending on when it was created) to repay these expenditures through property taxes or other revenue generating mechanisms. If the economy and or tax revenues decline during that time period, local governments could default on these TIF expenditures, and hurt their communities' ability to fund projects through bonding or other financial means. TIF's are well suited for economic development in good times, but can hinder local governments in the future as the economy slows or declines over extended time periods. There are indications that we are transcending into one of those time periods, even as communities move forward using TIF's to finance future development projects. Rick noted this is an important issue for local leaders to consider as the state government moves to limit local governments ability to generate increases in revenues through taxation at the local level.

Marilyn Bhend commented that villages and towns in Marathon County will be adversely affected by the levy cap and can only increase their budgets by a couple hundred or few thousand dollars because of the limited size of their budgets. Any slight increases in their budgets are lost because of rising cost associated with fuel, labor and health care. Marilyn indicated that it is going to be very hard figuring out how to provided the service level that citizens have become use too, knowing that reductions will have to occur. Smaller Villages and Towns do not have the kind of resources that larger urban areas and counties have that can offset some of these increases in expenses.

Rod Clark informed the council concerning a break out session at a Transit conference he attended in Manitowoc that dealt with the Tax Payers Bill of Rights (TABOR). Representative Frank Lasee the main proponent of TABOR debated its merits with the City of Manitowoc and City of Appleton's mayors. When pressed, Rep. Lasee admitted that TABOR is not a policy or solution to increases in taxes at the local level, but the beginning of dialog between governmental leaders and citizens on what should be provided and what services are essential for government to provide its citizens. "We must stave the revenue in order to restructure local governments, to fix the problems inherent in the current system". He admits that the state legislature is dysfunctional and can't solve current tax problems, but that TABOR will be the future solution for Wisconsin taxpayers once it is approved, even though Mr. Lasee cannot justify or predict what those outcomes may be once TABOR is approved and enacted. TABOR will remain on the radar screen of the council as we move forward into the new legislative season.

Bill Handlos suggested an accounting process currently being used to help offset some of the expenses of local school districts on local governments. When a community owns an industrial park or TIF area and are selling lots in that park/TIF area, if a reliable good employer is interested in coming into the area, you can write off the lots/area at market value and deducted that from the county/school district at the higher amount (market value) rather than actual cost. This occurs when you purchased the land for \$20,000 per acre but the market value is actually \$100,000 per acre. You write this parcel off at the higher value when deducting it from the municipal tax roles. This is one example of legal creative accounting that is helping some communities cope with the inadequacies inherent in the taxing system governing local governments.

### **Kick-off meeting of WisDOT's Local Advisory Forum & Status of WisDOT's Local Program Administration Implementation (Rod Clark - WisDOT)**

The Local Program Advisory Forum is in the process of being constituted as a follow up to the Secretary's Committee on Local Program Streamlining (SCOLPS). WisDOT determined this group is necessary as an advisory group to the Secretary's office on issues concerning program delivery issues and local program finance issues. WisDOT has enacted many of the recommendations that developed out of the SCOLPS process.

A new charter has been developed for the Local Program Advisory Forum (LPAF), and it is tentatively anticipated this group would meet quarterly. Members of the former SCOLPS group have been contacted and asked if they would like to become members of this new forum and local associations have been contacted for new members. To help start this process, WisDOT brought together a group of various stakeholders, associations and former members of the SCOLPS to begin brain storming about current issues and policies that need to be address in the future. An extensive list of topics was developed from this preliminary meeting, and will be presented to the membership of the LPAF group once it has been formed and a time set for their first meeting. By no means are these the only issues or topics that will be open for discussion but a beginning point for ongoing activities and issues that may be addressed through this forum. Don Miller will be the Chair of the LPAF, and is the newly named Director of Local Project Development at WisDOT. Paula Vandehey who attended this initial session, informed the LRSC that the LPAF is looking for a representative from a smaller urban area (city), and asked if any members would know of someone that may want to fill this seat on the forum. It is preferable that a candidate comes from some area outside the southeastern portion of the state.

Rod then discussed the Local Highway Program Delivery process within WisDOT and the changes that are occurring in how it is administered. The decision has been made to get Regional DOT staff out of the process of local program delivery. Both the Madison transportation district and the Waukesha transportation district have been piloting the process of using project consultants to delivery the local programs in those districts, with some exceptions to specific programs. It has been determined that WisDOT will be implementing this statewide, and is in the process of hiring project consultants for the remaining regions of the state. These contracts should be in place by the end of December.

Rod stressed the fact that the WisDOT regional offices (former district offices) want to stay connected to their local partners. That it is important to these transportation engineers and planners that they have some input or direct contact concerning many of these local projects because they have direct knowledge of these project area and local officials that are coordinating these projects. As WisDOT moves forward in the implementation of this new local program delivery system, this we be taken into account and be part of the discussion.

Once again, it should be emphasized that WisDOT is now comprised of 5 regions statewide; rather than 8 transportation districts, and these newly hired project consultants will work within the framework of the regions with support from central office staff. The current arrangement of 37 employees working within the Districts on local projects will be paired down to 16 employees: 7 employees working within the regions and 9 employees between central office/regional offices. This is still be determined, and may change as WisDOT moves to implementation of this process.

Some remaining issues are currently being worked out and final decisions should be decided by the end of December; here are some of those issues:

- How will this transition occur and what project cycle will be affected? It is slated to begin with the 07 –09 cycle; with some transitions occurring immediately but only if a project has not been scheduled. This will differ from region to region until WisDOT has fully implemented and transitioned to this new process.
- Dispute resolution/ project planning/ and project development? WisDOT will handle dispute resolution problems with the regional consultants/locals through both central office and regional WisDOT personnel. WisDOT is still finalizing who will be implementing project planning and project development within the regions.
- Who will manage the consultants? Central office staff will handle oversight with consultation from the regional offices.
- How will WisDOT break out state and local projects through this process? This is still being discussed, but regional office personnel are tentatively being directed to focus on state projects, with the consultants working only on local projects.

Many of these issues were brought up during the recent review of the local program delivery process by the Federal Highway Administration (FHWA), a major concern of the FHWA was that WisDOT was not providing enough oversight of local program delivery at the district level. This is a fact; budget and staffing cuts have limited district offices from providing effective oversight of this important program. The other important part of this new process has to do with the Governor's goal of reducing state employees, or reducing WisDOT staff. Many different stakeholders and the associations have been a part of the ongoing process to move to this new local program delivery system.

Rick Jones is familiar with working with these consultants through the Waukesha transportation district, and noted that having only one consultant contracted makes it difficult when that person is out of the office or on vacation. Projects can be delayed because no backup or other persons working for the consultant may be familiar with a specific project, and when they are on leave, the project can stall. Paula, who is working with WisDOT on these issues, suggested that Rick might be a good person to provide some insight into problems that have not surfaced in the discussions thus far. Rick agreed that he would provide his perspective on some of the problems encountered when working with the local program consultants in the Waukesha transportation district.

One aspect that has been brought to the attention of WisDOT through the dialog today with the LRSC is the need for performance measures concerning these consultants, and how they can be used to determine if this is a better delivery system or saving money through the new system. At the current time this is not part of the ongoing discussion in WisDOT, but may be something the LRSC wishes to pursue in the future.

**SAFETEA-LU & Wisconsin's Biennial Budget (Jim Donlin – WisDOT Office of Policy/Budget & Finance)**

Jim Donlin gave an overview of what transpired from the passage of six-year Federal Transportation Budget – Safe, Accountable, Flexible, and Efficient Transportation Equity Act – Legacy for Users (SAFETEA-LU). Its predecessor, the Transportation Equity Act for the 21st Century (TEA 21) had 12 extensions till August 2005 when a final bill was passed by the current congress and signed into law by the president this year, nearly 2 years after TEA 21 had expired.

The State of Wisconsin will see an overall increase of 30 percent financing per year because of a change in minimum guarantee formula for states. Wisconsin was one of five states that qualified for an exception from the federal rules because our state fuel taxes are 150 percent of the federal fuel tax and Wisconsin maintains a price indexing system using the Consumer Price Index (CPI). Wisconsin was the only state that qualified for this particular exemption. Wisconsin will be receiving on average \$1.06 for every \$1.00 we pay in federal gas taxes, because of the exception to the minimum guarantee formula. Through the duration of TEA-21, Wisconsin received on average 90 cents for every dollar sent back to Washington. This exception will provide the state \$360 million extra dollars over the life of SAFETEA-LU. Jim informed the LRSC that 11 states nationwide implement a variable gas tax, and only 3 use some form of price indexing. All other states use some other form of taxation/user fees concerning how they fund their transportation departments.

The only federal dollars we know for sure the state will be receiving are for the 2005-year and that amount is \$620 million dollars. This represents a 19% increase over what Wisconsin would have received if TEA-21 had continued, and a 5 percent increase over what we anticipated to receive without the exception that was granted to Wisconsin under the current act. The federal government budgets yearly and appropriations can change; Wisconsin should receive up to \$645 million dollars on average over the next 5 years. These are conservative estimates and could change over time.

With the passage of SAFETEA-LU, the state received 65 earmarked transportation projects worth an estimated \$350 million dollars. Both the earmarks and the dollars associated with these earmarks can be very deceiving. Of the 65 federal earmarks created with the passage of the act, only 4 of those earmarks represent new money to the state. Sixty-one projects had already been designated high priority projects in Wisconsin and would have been funded by a federal transportation bill either through an earmark or with its passage. These 61 projects represent \$276 million dollars of the total \$350 million funneled into earmarks for Wisconsin. Thus, those 4 new earmarks not represented by high priority projects already planned for in Wisconsin represent \$74 million dollars that Wisconsin would not have received before the passage of SAFETEA-LU. Highway 2 in northern Wisconsin represents one of those projects that was designated a high priority project and would have been funded either way with the passage of a new federal transportation bill.

There has been some talk about reopening SAFETEA-LU after the devastation that occurred after the natural disasters of Hurricane Katrina and Rita. This is a possibility, but the highway trust fund has a firewall concerning transportation funding, and only money appropriated for transportation related projects could be transferred if congress was to re-open SAFETEA-LU. The understanding as of today is that this is not going to occur, and new legislation will be enacted to deal with these natural disasters. It is very unlikely that congress or the White House would be willing to fight over SAFETEA-LU once again.

These increases in earmarks for both state and local projects highlight important issues for local and state government officials. If these projects receive federal earmarks, they must follow all federal contracting and construction rules. Federal rules are complex and always add additional time to the completion of a project. Rod pointed out that federal earmarks come off the top of federal appropriation dollar amounts and the state priority project list, and will bump lower priority projects down that may have been better qualified and need to be done sooner, then the newly earmarked project. For state local projects that are federally earmarked, local governments will be surprised when they find out that this is not new money, but money already appropriated and will actually reduce in some cases the funding that a local government may receive from the state in future entitlements or statewide enhancements. These earmarks will be charged against what locals would have received if the federal government did not earmark the project. And one of the most important requirements is not to let (begin) federally earmarked projects until the funding has been secured by the state during the calendar year that that federal funding may become available. If it is let locally and the funding has not been secured, the local government will be responsible for the total project amount. This has occurred twice recently in Wisconsin, and WisDOT worked to remedy the situation, but with the increases in federal earmarks, WisDOT needs to better inform the locals about how federal earmarks can affect both the scheduling of projects and how they are prioritized. WisDOT LRSC staff working with the Bureau of Policy/Budget and Finance will be drafting an informational article outlining the problems that can occur with federal local project earmarks and will be distributing this information article through the LRSC and the associations.

### **Looking to 2006 – Discussion of Priorities for Next Year**

#### **Infrastructure and Management Committee:**

- Continue working on a Best Practices Management Manual for Local Governments.
- Advising WisDOT concerning the “Local Roads Element” including an emphasis on forecasting needs – to be included in **Connections 2030** WisDOT’s long-range transportation multi-modal plan. The LRSC would like to see a more nuts-and-bolts approach to this plan, rather than a policy document.
- Continue to provide feedback and support for the development of Wisconsin Information System for Local Roads (WISLR) as new tools and products become available.

#### **Local Transportation Funding Committee:**

- Continue working on a Pavement Management Incentive Program tied into the distribution of General Transportation Aid program distributed in the state.
- Continue to provide recommendation and insight to WisDOT Secretary’s office concerning transportation funding both from an urban and rural perspective, with the hopes of influencing future policy decisions.

#### **Regulatory, Environmental, and Legislative Committee (REAL):**

- Still trying to meet with the State Historical Society concerning preservation issues during the construction of local projects.
- Major concern for the coming year will be Over-Size Trucking on the local roads system. This committee will be addressing the state concerning and providing

information to the Secretary's office for an informed discussion about the deterioration of the local road network because of over-sized trucking on the system.

- After a defeat during the last biennial budget cycle, the REAL committee will continue to press forward on the single point of contact with the Department of Natural Resources (DNR) concerning local road projects.
- Still working with the Army Corp of Engineers on a single wetlands mitigation policy that both the DNR and the Army Corp can agree on and works better for local transportation projects.
- Working with WisDOT to update the *Facilities Development Manual*.

### **Rollout of WISLR Pavement Analysis Tools (Joe Nestler and Susie Forde – WisDOT)**

Susie Forde updated the LRSC concerning the 2005 pavement ratings submittal process that is currently underway, and that some submittals have been received, but are not due till December 15<sup>th</sup> of this year. Susie also commented that the WISLR user guilds that have been developed by WisDOT have been well received and helping users navigate through the system and should increase the use of WISLR as a means to submit pavement ratings both this year and in the future.

Susie also discussed a problem that can occur when logging in to WISLR when you change your Web provider or Web identification password. This problem occurs with the Department of Administration (DOA) computer servers that control access to the WISLR Web site. She informed LRSC members that have difficulties to contact WisDOT and these problems would be addressed.

Joe Nestler gave an over view of WISLR's history, how it developed and went on to introduce a new feature the "Five Year Pavement Forecasting" Tool. He informed the LRSC about the problems with the Paserware Program that was recently discontinued and is now not supported by WisDOT or the University of Wisconsin Transportation Information Center (UW-TIC). Local governments may continue to use former Paserware Programs, but must understand that service support and updates will no longer be provided. Joe described how WisDOT and UW-TIC worked together to take the strengths of the Paserware Program and program them into the WISLR system. This is an ongoing process, but the "Five Year Pavement Forecasting" Tool is one of the first byproducts of this collaboration of the two systems.

Joe presented a live demonstration of the tool to the LRSC during the meeting. Even though it is still in testing, a firm delivery date has been confirmed and users will be able to access this tool by the end of the year. Training and manuals will be available once it has been fully developed and completed. The "Five Year Pavement Forecasting" Tool is based on information currently housed in WISLR, so it only recognizes pavement data and segmentation that have been submitted and rated as of the date of the query. This tool does not analyze incomplete pavement data if it is not in WISLR when you run a query. It should also be noted that this tool is based on an unconstrained needs analysis, you set your budget and have the ability to run as many variations during the five year budget cycle that you want too. Many different scenarios may be run, but must be saved using an excel program that is provided within the budget tool, the WISLR program will not save multiply variations of budget scenarios, it is up to the specific user to save those files to their own computers.

Here are some of the important highlights from the demonstration:



- When in the Pavement Forecasting Tool, a hover feature (using the pointer on your computer) allows the user to know what pavement treatments are recommended by the system. You must hold the pointer over the specific year that a treatment is recommended, then the system provides information describing the treatment: e.g. (year 1: 7 = joint sealing if the pavement is asphalt). Users will also have the ability to change what treatments they wish to administer to this segments, but that could either lower or increase the costs associated with the project.
- The tool has the ability to edit data within the WISLR database, so it is very important that users of this WISLR program are educated, and access is limited to those who have knowledge of the system and this new tool.
- A feature within the tool, allows users to manually prioritize projects regardless of there rating in WISLR. This field is called the “Pavement Management Priority Class” or (PMPC). It is a very useful feature and gives added value to the program from a management perspective.
- The Five-Year Pavement Forecasting tool is only available to analyze City/Village/Town, and is not available to create forecasting projection at the County level.
- The tool allows the user to change the budgeted amounts during the five-year budget cycle, and then update to show the results of those adjustments.
- Users will have the ability to change the costing structure for these improvements to their specific community or provider. The system will default to UW-TIC data, which is updated regularly by WisDOT into WISLR and stored within the program.

In the coming months WISLR will be providing more information concerning this tool and other developments as they become available. For more information please contact Susie Forde or Joe Nestler.

## **Closing Business**

### **Agenda topics for December 1<sup>st</sup> Council Meeting:**

- Introduction of Chris Klein, WisDOT Executive Assistant & LRSC Liaison.
- LRSC Priorities for 2006 – Committee Updates
- Department of Work Force Development (DWD) Terry Ludeman will discuss current and future population demographics that will affect local transportation systems.
- Status and Update on Local Program Administration Implementation.
- New program roll-out (LRIP approvals - GTA Amounts -TSMEGP)
- Update: Local Road Element for Connection 2030 – Tentative.

**Meeting Adjourned at 2:15 pm**